Weekly Economic Review

Non-residential investment remains strong

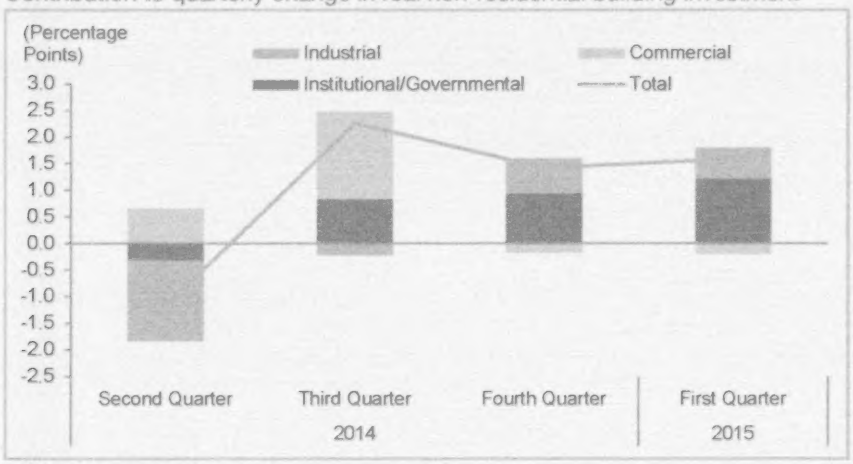
Non-Residential Construction

Holding strong

Real investment in non-residential building construction continued to show strength in the first quarter of 2015, growing by 1.6% over the last quarter of 2014. The strongest contributor was institutional and governmental investment (Chart 1), which increased 7.5% quarter-over-quarter (q/q), as construction got underway on a number of new schools in the province. Investment in industrial structures continues to swell, up 4.5% (q/q). Commercial investment edged down slightly. Growth was strongest in Edmonton, where investment jumped 7.5% (q/q), led by a 44% (q/q) increase in institutional and government spending. Compared with the first quarter of 2014, investment in non-residential buildings increased 4.1%.

Chart 1: Government buildings boost Alberta non-residential investment

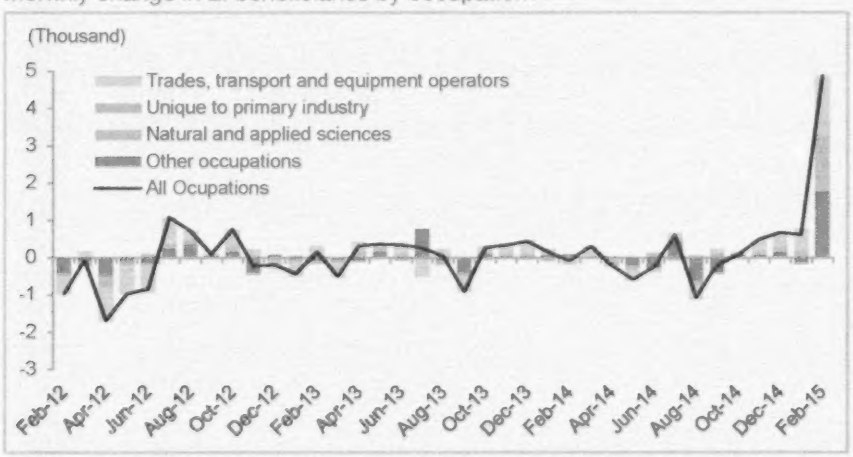
Contribution to quarterly change in real non-residential building investment



Source: Statistics Canada

Chart 2: Alberta Employment Insurance (EI) beneficiaries spike in February

Monthly change in EI beneficiaries by occupation



Source: Statistics Canada

Employment Insurance (EI)

Claims jump in February

In February, there were 22,530 initial employment insurance (EI) claims in Alberta, an increase of over 10,000 from February 2014. This caused the total number of EI beneficiaries to jump by 4,860 from January to 35,950, the highest monthly increase since June 2009. Calgary and Edmonton accounted for over half of the monthly growth in EI beneficiaries, both up over 11%. Several occupations saw large increases in the number of EI beneficiaries, led by trades, transport and equipment operators, and primary industry (Chart 2). There were also big increases in the number of beneficiaries in processing, manufacturing and utilities, and natural and applied sciences occupations.

Job Vacancies

Fewer jobs available

Alberta job vacancies continued to decline, averaging 39,400 in the three months ending in January, the lowest level since the series began in March 2011. Growth in job vacancies was down 8.8% year-over-year (y/y). The fall in job vacancies pushed the job vacancy rate, or the proportion of positions that were unfilled, to new low of 1.9%.

Alberta no longer has the highest rate among provinces, as the job vacancy rate in Saskatchewan was also 1.9% (Chart 3). There were 225,000 job vacancies across Canada, an increase of 17.4% y/y. The job vacancy rate remained stable at 1.5%.

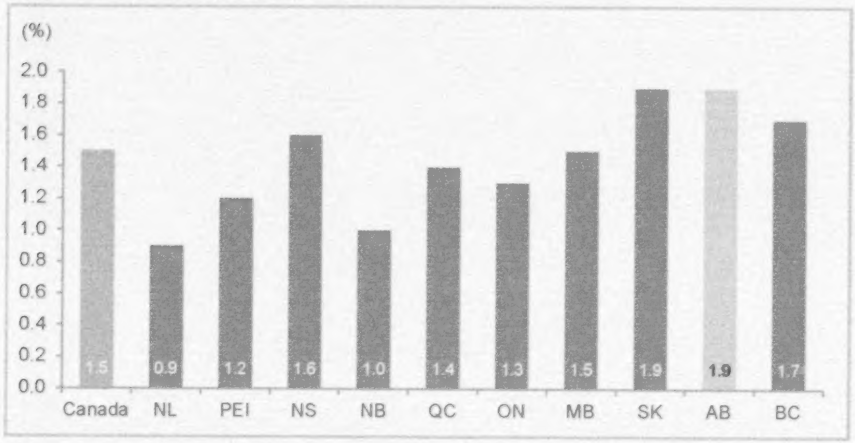
New Home Construction

Apartments fuel investment

Real new housing investment in Alberta rose 11% y/y in February, continuing the strong growth that has been occurring since late 2011. The greatest contribution to growth came from apartment and condominium construction, which increased by 32% y/y (Chart 4). There was also substantial growth in double-unit homes (+26%) and row houses (+27%). Growth in single-detached housing was more modest at just 2.3%.

Chart 3: Alberta and Saskatchewan share highest job vacancy rate

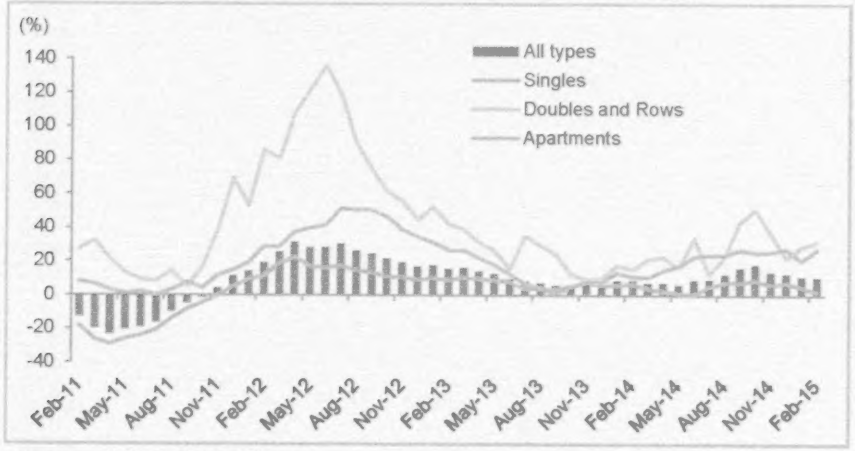
Job vacancy rate by region



Source: Statistics Canada

Chart 4: Multi-unit dwellings drive residential investment

Year-over-year change in residential investment in new dwellings



Source: Statistics Canada

Wholesale Trade

Nudging down

Alberta wholesale trade declined slightly in February, and has been drifting lower since November, though sales remained 2.0% y/y. The weakness in wholesale trade was largely due to sales of machinery and equipment, which fell 3.8% y/y to a three-year low. This decrease was concentrated equipment used for mining, forestry, construction, and industrial purposes. Other wholesalers fared better, led by food, beverage, and tobacco (+ 3.2% y/y), motor vehicle and parts (+7.2%), and farm products (+31%).

World Economic Outlook

Moderate and diverging growth

The IMF kept its outlook for global economic growth in 2015 at 3.5%, while raising the forecast for 2016 by 0.1 percentage points to 3.8%. The 2015 US growth forecast was lowered by 0.5 percentage points to 3.1%, while the Eurozone forecast was raised to 1.5%. Global economic trends have largely unfolded in line with earlier assessments. Important trends include the decline in commodity prices, diverging growth prospects, stubbornly low inflation, and the need for different monetary and fiscal policies. The IMF cautioned that future economic growth could moderate as growth in advanced economies remains modest and emerging economies struggle to maintain the pace of growth that was observed in the previous decade.

Contact

Erin Bartmanovich 780.427.8814

Please see the *Alberta Economy - Indicators at a Glance* for a snapshot of Alberta indicators.